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INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 002818

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E.O. 12958: DECL: 08/22/2017

TAGS: PGOV PINS PINR IZ EAID FAIR PREL

SUBJECT: BAGHDAD ELECTRICITY SHORTAGES EXACERBATED BY FUEL CRISIS, INTERDICTIONS

Classified By: PRT Team Leader Andrew Passen for reasons 1.4 (B) and (D).

**¶1. (C) SUMMARY:** Baghdad residents get an average of about two hours per day of electricity from the national grid and an additional 16.3 hours per day of electricity from neighborhood and personal generators, at a total cost of about USD 171.00 per month, according to local contacts and a recent study conducted by Baghdad PRT. Chronic fuel shortages make it costly and time consuming for families to acquire the fuel necessary to run generators. Corruption and threats reportedly contribute to an inequitable distribution of state-provided electricity and drive up the price of fuel resources need to power generators. PRT contacts routinely report that after security, lack of electricity is their primary concern. END SUMMARY.

National Grid Provides Average of Two Hours of Daily Power

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**¶2. (SBU)** In most areas of Baghdad, the national grid provides an average of two hours per day of electricity, according to local contacts and a recent study by Baghdad PRT that relies on information provided by Government Information Centers (U.S.-funded information-gathering offices that function at the district level). Several factors suppress power output in Baghdad, including inequitable distribution, interdictions, system degradations and inadequate fuel supplies and delivery.

**¶3. (SBU)** Equitable distribution of electricity has proven difficult. Most power plants in Iraq are located in the north and south. Central Iraq receives its share of electricity from transmission lines carrying power from those regions. The Ministry of Electricity has designed a plan to distribute electricity among the provinces, but Baghdad generally receives ten percent less than its share of power, in part because other provinces continually exceed their designated allotments. Exceeding allotments destabilize the national grid, resulting in periodic, country-wide blackouts.

**¶4. (SBU)** Power lines transmitting electricity to Baghdad from other regions are vulnerable to insurgent attacks. Repairing the damage to the transmission lines caused by such attacks is difficult due to unpredictable security conditions.

**¶5. (SBU)** Use of the wrong fuel also creates system degradation and inefficiency. Due to chronic shortages of diesel fuel and natural gas, some plants operate with heavy fuel oil. As a result, Baghdad residents suffer both planned and unplanned outages more frequently. Approximately 1900 MW are lost daily due to these outages. Approximately 1400 MW are lost daily due to inadequate fuel supplies and sub-optimal fuel usage.

**¶6. (SBU)** Residents from Baghdad's nine central districts told PRToffs that there is no pattern to when they receive national power, noting that sometimes they will have no

electricity at all from the national grid for several days, and then one day have eight hours of continuous electricity. Most contacts report that national electricity usually comes in periods of about 10 or 15 minutes at a time.

#### Sectarianism, Threats Cause Inequitable National Distribution

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**¶17. (C)** PRT contacts from Karada, Rusafa, 9 Nissan and East Rashid urban districts report that sectarianism, corruption and extortion have led to inequitable national power distribution in their areas. Contacts from Karada told PRToffs that employees from the local power station have asked all homes in one neighborhood to pay a daily bribe of 5,000 Iraqi dinars (about four U.S. dollars) in order to receive 18 hours of national power per day. Contacts in Dora and 9 Nissan report that militiamen have threatened to blow up power stations unless employees ensure that their neighborhoods receive at least 12 hours of electricity per day. Contacts in Rusafa report that residents of some neighborhoods pay bribes to the power station employees to receive more power than adjacent neighborhoods.

**¶18. (C)** PRT contacts in the predominantly Sunni areas of the Adhamiya district (north Baghdad) report that the Iraqi Army sometimes destroys, as a form of collective punishment, power transformers in neighborhoods where soldiers have been attacked.

#### Most Baghdad Electricity Supplied by Generators

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**¶19. (U)** According to the Baghdad PRT study, Baghdad residents receive an average of 16.3 hours per day of electricity from

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generators. About nine hours of this power comes from neighborhood generators that serve between 75 and 125 homes, and about seven hours comes from private generators that serve one or two homes. Neighborhood generators can cost up to USD 25,000 to purchase, while private generators cost between USD 400 and USD 1,500.

**¶110. (U)** The owner of a neighborhood generator in Baghdad charges a certain monthly amount per ampere of power supplied. A meter provided by the generator owner regulates the amount of amperes of power a resident receives. Residents usually pre-pay for the electricity they will use for one month, and power is then provided on a daily set schedule. Owners of neighborhood generators can either turn off their generators when the national power grid turns on and later supply their customers with the equivalent number of pre-paid hours when the grid turns off again, or they can maintain the pre-determined schedule.

**¶111. (U)** Neighborhood generators are generally powered by diesel. Since residents pre-pay for neighborhood generator-provided electricity, the generator owner/manager will pass on unanticipated price increases (due to shortages in supply or fluctuations in black market prices) to residents the following month.

**¶112. (U)** Private generators provide electricity when the national grid and neighborhood generators are not running. Since neighborhood generators are run on a set schedule, residents can anticipate when they will need to run their private generators. Private generators are powered by benzene, which residents must acquire either at government fuel stations or on the black market.

#### Problems with Neighborhood Generators

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**¶113. (U)** The owners of neighborhood generators in Baghdad operate inflexibly, without oversight, accountability, or competition, and they often withhold electricity for

sectarian or personal motives. Power use is restricted to a set schedule that allows no flexibility for resident needs. There is no oversight to ensure that residents get the amount of electricity they pay for. Since most neighborhoods are not serviced by more than one neighborhood generator, residents do not have the option of taking their business elsewhere if they are overcharged or otherwise cheated. Residents in some areas complain that they have been denied service by neighborhood generators for sectarian and personal reasons.

#### Fuel Shortages Make it Difficult to Power Generators

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¶14. (C) Chronic fuel shortages due to corruption and security problems associated with fuel transport regularly make it difficult for Baghdad residents to obtain fuel needed to power generators. PRT contacts report that lines at legitimate fuel stations are often several miles long and that it usually takes five to eight hours to be served. Residents report that many stations will only sell fuel to customers with cars and will deny service to customers attempting to fill jerry-cans. PRT contacts say that most customers filling jerry-cans are probably trying to buy fuel for private generators, but that station owners are suspicious that they will sell fuel from cans on the black market.

¶15. (SBU) PRT contacts from across the city report that they routinely siphon fuel out of their cars to power their personal generators. Usually residents suck on the end of a garden hose inserted in the fuel tank to start transfer the fuel, despite the potential health risks of this practice.

¶16. (C) PRT contacts report that black market fuel usually costs at least four times the government price, and that police and militiamen control the black market in many Baghdad neighborhoods. PRT contacts also say that they routinely have to pay bribes in order to purchase fuel from legitimate stations. These stations in turn reportedly pay bribes or supply fuel to militiamen or police in exchange for "protection."

#### Increasing Generation and Capacity

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¶17. (SBU) Twenty generation projects are currently underway. By the end of 2007, an additional 800 MW or more of new and rehabilitated power will be added to the national grid, of which 380 MW will be available for Baghdad. By the end of 2008, 2,775 MW of state-generated power is scheduled to be added to the national grid, adding another 1029 MW for

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Baghdad.

#### Comment

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¶18. (C) Solutions to power shortages in Baghdad will have to include multi-faceted approaches that improve security, prevent other provinces from exceeding power allotments, increase reliable fuel imports, undermine corruption at national power facilities and block militia control of fuel stations. The lack of state-provided electricity is a constant source of frustration for average citizens. Baghdad residents usually say that after security, electricity is their primary concern. PRT contacts routinely report that the fact that they have to constantly struggle to provide fuel for generators, often by waiting in line for hours at fuel stations or by paying high black market prices, undermines their confidence in their government.

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